

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

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MEMORANDUM

TO: Haverhill Retirement Board
FROM: Joseph E. Connarton, Executive Director
RE: Appropriation for Fiscal Year 2016
DATE: April 23, 2015

Required Fiscal Year 2016 Appropriation: **\$15,840,897**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2016 which commences July 1, 2015.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2016 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was developed by Stone Consulting as part of their January 1, 2014 actuarial valuation.

The current schedule is/was due to be updated by Fiscal Year 2017.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446 Extension 921.

JEC/jrl
Attachments

cc: Office of the Mayor
City Council
c/o City Clerk

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Haverhill Retirement Board

Projected Appropriations

Fiscal Year 2016 - July 1, 2015 to June 30, 2016

Aggregate amount of appropriation: **\$15,840,897**

Fiscal Year	Estimated Cost of Benefits	Funding Schedule (Excluding ERI)	ERI	Total Appropriation	Pension Fund Allocation	Pension Reserve Fund Allocation	Transfer From PRF to PF
FY 2016	\$19,963,598	\$15,077,720	\$763,177	\$15,840,897	\$15,840,897	\$0	\$4,122,701
FY 2017	\$20,364,028	\$15,676,175	\$793,704	\$16,469,879	\$16,469,879	\$0	\$3,894,149
FY 2018	\$20,772,466	\$16,607,930	\$825,452	\$17,433,382	\$17,433,382	\$0	\$3,339,084
FY 2019	\$21,189,073	\$17,268,019	\$858,470	\$18,126,489	\$18,126,489	\$0	\$3,062,584
FY 2020	\$21,614,013	\$17,954,737	\$892,809	\$18,847,546	\$18,847,546	\$0	\$2,766,467

The Total Appropriation column shown above is in accordance with your current funding schedule and the scheduled payment date(s) in that schedule. Whenever payments are made after the scheduled date(s), the total appropriation should be revised to reflect interest at the rate assumed in the most recent actuarial valuation. Payments should be made before the end of the fiscal year.

For illustration, we have shown the amount to be transferred from the Pension Reserve Fund to the Pension Fund to meet the estimated Cost of Benefits for each year. If there are sufficient assets in the Pension Fund to meet the Cost of Benefits, this transfer is optional.

Actuarial Breakout by Unit

Breakouts	Housing Authority	Police & Fire	School	Waste Water	Water	Whittier	All Others	Total
(1) Participants								
Active	16	176	436	25	20	63	152	888
Inactives (Nonvested)	1	0	73	0	0	8	31	113
Inactives (Vested)	0	1	12	0	0	5	44	62
Retirees	7	133	232	17	8	34	545	976
Disabled	0	65	9	0	3	4	23	104
Total	24	375	762	42	31	114	795	2143
(2) Payroll of Active Participants	\$759,913	\$12,238,793	\$12,102,146	\$1,462,615	\$953,616	\$2,392,898	\$6,897,146	\$36,807,126
(3) Gross Normal Cost								
(a) Total Normal Cost	78,798	1,814,888	1,324,004	111,351	80,289	228,651	638,155	4,276,136
(b) Expected Employee Contributions	59,228	1,148,824	1,028,745	120,447	78,562	209,004	577,403	3,222,213
(c) Net Employer Normal Cost	19,570	666,064	295,259	-9,096	1,727	19,647	60,752	1,053,923
(d) Interest on Net Normal Cost	1,260	42,910	19,021	-586	111	1,266	3,914	67,896
(e) Net Employer Normal Cost w Interest	20,830	708,974	314,280	-9,682	1,838	20,913	64,666	1,121,819
(f) Projected Net Normal Cost from Prior Val.	26,842	913,595	404,986	-12,476	2,368	26,949	83,330	1,445,594
Expenses ¹	8,852	203,879	148,735	12,509	9,019	25,686	71,688	480,368
(4) Actuarial Accrued Liability	3,758,717	115,293,480	50,693,366	10,593,938	5,529,635	11,548,935	122,952,416	320,370,487
(5) Assets	1,856,356	56,941,164	25,036,448	5,232,136	2,730,977	5,703,790	60,723,761	158,224,632
(6) Unfunded Actuarial Accrued Liability (UAL)	1,902,361	58,352,316	25,656,918	5,361,802	2,798,658	5,845,145	62,228,655	162,145,855
(7) 2002 ERI payment	5,258	86,984	69,245	19,690	24,534	3,989	227,252	436,952
(8) 2003 ERI payment	0	108,097	65,009	53,304	19,636	2,046	78,133	326,225
(9) Fresh Start Amortization ²	151,955	4,625,227	1,982,341	366,696	184,975	477,607	4,829,422	12,618,223
(10) Net 3(8)(c) payments ³	2,752	84,406	37,112	7,756	4,048	8,455	90,013	234,542
(11) Total Required Employer Contributions (3f)+(7)+(8)+(9)+(10)	195,659	6,022,188	2,707,429	447,478	244,581	544,732	5,379,838	15,541,904
(12) Fiscal 2016 Cost: (11) adj for semiannual paym	199,423	6,138,042	2,759,514	456,087	249,286	555,211	5,483,334	15,840,897
(13) Fiscal 2017 Cost	207,341	6,381,760	2,869,084	474,196	259,184	577,257	5,701,057	16,469,879
(14) Fiscal 2018 Cost	219,471	6,755,099	3,036,928	501,937	274,347	611,027	6,034,573	17,433,382
(17) Percentage of Total Cost	1.3%	38.7%	17.4%	2.9%	1.6%	3.5%	34.6%	100.0%

¹Allocated on the basis of Gross Normal Cost

²This is the portion of the Fiscal 2016 amortization of the unfunded liability from the 1/1/2012 valuation that is not associated with ERI payments, allocated on the basis of the accrued liability from the 1/1/2014 valuation.

³Allocated on the basis of Accrued Liability

NOTE: The Fiscal 2016 contribution is from the funding schedule derived from the 1/1/2012 actuarial valuation. We have allocated the FY2016 contribution on the following basis: The portion of the contribution that is associated with the Net Normal Cost and Administrative Expense was allocated according to each unit's share of the Gross Normal Cost for Haverhill from the 1/1/2014 valuation. ERI payments were allocated according to each unit's share of ERI payments in 2011, and all other components of the contribution were allocated according to each unit's share of the Actuarial Accrued Liability for Haverhill from the 1/1/2014 valuation.